

# CURRENCY REPORT

KEDIA ADVISORY

Friday, May 21, 2021

## Currency Table

Currency	Exp. Date	Open	High	Low	Close	Change	O.Int	% Cng OI	Volume	ATP
USD-INR	May 2021	73.25	73.31	73.15	73.18	↓ -0.12	2406850	-5.51	1434676	73.20
EUR-INR	May 2021	89.14	89.50	89.00	89.28	↓ -0.14	96929	-3.39	119508	89.26
GBP-INR	May 2021	104.10	104.10	103.29	103.42	↓ -0.27	112193	-1.81	201688	103.40
JPY-INR	May 2021	67.05	67.25	67.05	67.18	↑ 0.18	21082	-3.84	24757	67.17

## Currency Spot (Asian Trading)

Particulars	Open	High	Low	LTP	% Change
EURUSD	1.2228	1.2239	1.2222	1.2230	↑ 0.02
EURGBP	0.8615	0.8630	0.8612	0.8626	↑ 0.14
EURJPY	132.98	133.21	132.94	133.15	↑ 0.12
GBPJPY	154.32	154.49	154.20	154.33	↓ -0.01
GBPUSD	1.4188	1.4194	1.4165	1.4177	↓ -0.08
USDJPY	108.73	108.90	108.72	108.86	↑ 0.10

## Economical Data

TIME	ZONE	DATA
12:45pm	EUR	French Flash Manufacturing PMI
12:45pm	EUR	French Flash Services PMI
1:00pm	EUR	German Flash Manufacturing PMI
1:00pm	EUR	German Flash Services PMI
1:30pm	EUR	Flash Manufacturing PMI
1:30pm	EUR	Flash Services PMI
All Day	EUR	Eurogroup Meetings
Tentative	EUR	German Buba Monthly Report
4:30pm	EUR	ECB President Lagarde Speaks
7:15pm	USD	Flash Manufacturing PMI
7:15pm	USD	Flash Services PMI
7:30pm	EUR	Consumer Confidence
7:30pm	USD	Existing Home Sales
11:00pm	USD	FOMC Member Daly Speaks

## Stock Indices

Index	Last	Change	Commodity	Last	Change
CAC40	6301.1	↑ 0.62	Gold\$	1872.4	↓ -0.18
DAX	15197.0	↑ 0.55	Silver\$	27.7	↓ -0.30
DJIA	33896.0	↓ -0.48	Crude\$	62.1	↓ -2.23
FTSE 100	7586.8	↓ -0.78	Copper \$	9943.5	↓ -0.64
HANG SENG	27777.8	↓ -1.31	Aluminium \$	2378.0	↑ 0.25
KOSPI	2029.5	↓ -0.23	Nickel\$	16940.0	↓ -0.85
NASDAQ	13299.7	↓ -0.03	Lead\$	2205.0	↓ -0.54
NIKKEI 225	21521.5	↓ -0.86	Zinc\$	2955.5	↓ -0.25

## Commodity Update

## FII/FPI trading activity on BSE, NSE in Capital Market Segment (In Rs. Cr)

Category	Date	Buy Value	Sell Value	Net Value
FII/FPI	20/05/2021	8,149.80	8,078.76	71.04

## DII trading activity on BSE, NSE & MCX-SX in Capital Market Segment

Category	Date	Buy Value	Sell Value	Net Value
DII	20/05/2021	4,723.27	5,599.33	-876.06

## Spread

Currency	Spread
NSE-CUR USDINR MAY-JUN	0.39
NSE-CUR EURINR MAY-JUN	0.47
NSE-CUR GBPINR MAY-JUN	0.49
NSE-CUR JPYINR MAY-JUN	0.35

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## NSE-CUR USDINR May 2021



	Open	High	Low	Close
	73.25	73.31	73.15	73.18
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	73.27	73.36	73.42	
	Support 1	Support 2	Support 3	
	73.12	73.06	72.97	
Net Change	% Change	Open Interest	Volume	
-0.09	-0.12	2406850	1434676	

## Trading Ideas for the Day

- # USDINR trading range for the day is 73.06-73.36.
- # USDINR dropped helped by signs that India's second wave of coronavirus infections is slowing, hopes of a global economic recovery and broad dollar weakness.
- # Minutes from the Federal Reserve's last policy meeting revealed there was more talk of tapering its bond purchases than investors had expected.
- # RBI said in its May bulletin that the ferocity of the second wave has overwhelmed India, adding that real economic indicators have moderated through April-May 2021.

## Market Snapshot

USDINR yesterday settled down by -0.12% at 73.1775 helped by signs that India's second wave of coronavirus infections is slowing, hopes of a global economic recovery and broad dollar weakness. Minutes from the Federal Reserve's last policy meeting revealed there was more talk of tapering its bond purchases than investors had expected. In the Fed minutes, several policymakers said that a discussion about reducing the pace of asset purchases would be appropriate "at some point" if the U.S. economic recovery continues to gain momentum. The Reserve Bank of India said in its May bulletin that the ferocity of the second wave has overwhelmed India, adding that real economic indicators have moderated through April-May 2021. According to the central bank, the biggest toll of the second wave is in terms of a demand shock. Loss of mobility, lower discretionary spending, lack of employment and inventory accumulation are some of the factors that indicate weaker demand during the second wave in India. While RBI said that the resurgence of Covid-19 has dented economic activity in the first half of Q1:2021-22, it has not yet "debilitated" it. "Although extremely tentative at this stage, the central tendency of available diagnosis is that the loss of momentum is not as severe as at this time a year ago," RBI said in its state of the economy bulletin. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/dollar at 73.1168 Technically market is under long liquidation as market has witnessed drop in open interest by -5.51% to settled at 2406850 while prices down -0.085 rupees, now USDINR is getting support at 73.12 and below same could see a test of 73.06 levels, and resistance is now likely to be seen at 73.27, a move above could see prices testing 73.36.

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## NSE-CUR EURINR May 2021



	Open	High	Low	Close
	89.14	89.50	89.00	89.28
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	89.52	89.76	90.02	
	Support 1	Support 2	Support 3	
	89.02	88.76	88.52	
Net Change	% Change	Open Interest	Volume	
-0.13	-0.14	96929	119508	

## Trading Ideas for the Day

- # EURINR trading range for the day is 88.76-89.76.
- # Euro seen some pressure amid firmness in Rupee despite investors focus on the economic recovery as governments across the continent ease coronavirus-induced restrictions.
- # Eurozone inflation accelerated, as initially estimated to a two-year high in April, driven by higher energy prices
- # ECB meeting account points to big June decision on emergency bond buys

## Market Snapshot

EURINR yesterday settled down by -0.14% at 89.2825 amid firmness in Rupee despite investors focus on the economic recovery as governments across the continent ease coronavirus-induced restrictions. The UK largely reopened this week, restrictions are also gradually being lifted in Germany and Italy's national curfew is seen ending in the coming weeks. Eurozone inflation accelerated, as initially estimated to a two-year high in April, driven by higher energy prices, final data from Eurostat showed. Inflation rose to 1.6 percent in April from 1.3 percent in March. The annual rate came in line with the flash estimate published on April 30. This was the highest rate since April 2019, when inflation was 1.7 percent. On a monthly basis, the harmonized index of consumer prices advanced 0.6 percent in April, as estimated. European Central Bank policymakers set the stage for a June 10 showdown over the future of their COVID-19 emergency bond purchases when they met in April but stopped short of discussing their next move, the account of their meeting showed. The ECB, which is already providing record support, has helped the recession-hit euro zone economy through its worst crisis to date. "A new comprehensive joint assessment should be conducted at the next monetary policy meeting in June," the ECB said. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/euro at 89.1255 Technically market is under long liquidation as market has witnessed drop in open interest by -3.39% to settled at 96929 while prices down -0.1275 rupees, now EURINR is getting support at 89.02 and below same could see a test of 88.76 levels, and resistance is now likely to be seen at 89.52, a move above could see prices testing 89.76.

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## NSE-CUR GBPINR May 2021



	Open	High	Low	Close
	104.10	104.10	103.29	103.42
Support and Resistance for the Day		<b>Resit 1</b>	<b>Resit 2</b>	<b>Resit 3</b>
		103.92	104.41	104.73
		<b>Support 1</b>	<b>Support 2</b>	<b>Support 3</b>
	103.11	102.79	102.30	
Net Change	% Change	Open Interest	Volume	
	-0.28	-0.27	112193	201688

## Trading Ideas for the Day

- # GBPINR trading range for the day is 102.79-104.41.
- # GBP remained under pressure as the dollar bounced off after minutes from Fed's meeting revealed there was more talk of tapering its bond purchases than investors had expected.
- # The Bank of England says inflation in Britain is heading above its 2% target and will hit 2.5% at the end of 2021 thanks to a rise in global oil prices
- # Speculators are net long on the pound, having increased their net long position in the week, CFTC data last week showed.

## Market Snapshot

GBPINR yesterday settled down by -0.27% at 103.4175 as the dollar bounced off after minutes from the Federal Reserve's last policy meeting revealed there was more talk of tapering its bond purchases than investors had expected. The Bank of England says inflation in Britain is heading above its 2% target and will hit 2.5% at the end of 2021 thanks to a rise in global oil prices and the expiry in September of COVID-19 emergency cuts to value-added tax in the hospitality sector, as well as comparisons with the pandemic slump of 2020. The BoE thinks inflation will then slip back to 2% in 2022 and 2023. The Bank of England's tapering of its asset purchase programme has also helped the pound gain relative to its peers in the G10 group of currencies, most of which have central banks that are still keeping monetary policy loose. Speculators are net long on the pound, having increased their net long position in the week, CFTC data last week showed. UK consumer price inflation exceeded expectations in April on higher energy prices, the Office for National Statistics said. Consumer prices advanced 1.5 percent year-on-year in April, more than double the March's 0.7 percent increase. The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/British pound was fixed at 103.2765. Technically market is under long liquidation as market has witnessed drop in open interest by -1.81% to settled at 112193 while prices down -0.28 rupees, now GBPINR is getting support at 103.11 and below same could see a test of 102.79 levels, and resistance is now likely to be seen at 103.92, a move above could see prices testing 104.41.

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## NSE-CUR JPYINR May 2021



	Open	High	Low	Close
	67.05	67.25	67.05	67.18
Support and Resistance for the Day	Resit 1	Resit 2	Resit 3	
	67.27	67.36	67.47	
	Support 1	Support 2	Support 3	
	67.07	66.96	66.87	
Net Change	% Change	Open Interest	Volume	
0.12	0.18	21082	24757	

### Trading Ideas for the Day

- # JPYINR trading range for the day is 66.96-67.36.
- # JPY remained supported after Japan posted a trade surplus of JPY 255.3 billion in April
- # BOJ Governor Kuroda warned that downward pressure on economic activities could grow stronger due to uncertainty over the pace of the country's vaccination rollout
- # Minutes from the Federal Reserve's policy meeting revealed there was more talk of tapering its bond purchases than investors had expected.

### Market Snapshot

JPYINR yesterday settled up by 0.18% at 67.1825 after Japan posted a trade surplus of JPY 255.3 billion in April, as exports jumped 38% yoy while imports rose at a softer 12.8%. Minutes from the Federal Reserve's policy meeting revealed there was more talk of tapering its bond purchases than investors had expected. Bank of Japan Governor Haruhiko Kuroda warned that downward pressure on economic activities could grow stronger due to uncertainty over the pace of the country's vaccination rollout after the Japanese economy shrank more than expected in the first three months of 2021. The value of core machine orders in Japan advanced a seasonally adjusted 3.7 percent on month in March, the Cabinet Office said - standing at 798.1 billion yen. That missed expectations for an increase of 6.4 percent following the 8.5 percent decline in February. On a yearly basis, core machine orders fell 2.0 percent - beating forecasts for a fall of 2.6 percent after sinking 7.1 percent a month earlier. Japan posted a merchandise trade surplus of 255.3 billion yen in April, the Ministry of Finance said. That exceeded expectations for a surplus of 140 billion following the downwardly revised 662.2 billion yen surplus in March (originally 663.7 billion yen). The Financial Benchmark India Private Ltd (FBIL) set the reference rate for the rupee/100 Japanese yen at 67.01 Technically market is under short covering as market has witnessed drop in open interest by -3.84% to settled at 21082 while prices up 0.1175 rupees, now JPYINR is getting support at 67.07 and below same could see a test of 66.96 levels, and resistance is now likely to be seen at 67.27, a move above could see prices testing 67.36.

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## NEWS YOU CAN USE

Partly reflecting a spike in prices for used cars and trucks, the Labor Department released a report showing U.S. consumer prices increased by much more than expected in the month of April. The Labor Department said its consumer price index climbed by 0.8 percent in April after rising by 0.6 percent in March. First-time claims for U.S. unemployment benefits fell by # more than expected in the week ended May 8th, according to a report released by the Labor Department. The report said initial jobless claims dipped to 473,000, a decrease of 34,000 from the previous week's revised level of 507,000. With the bigger than expected decrease, jobless claims once again fell to their lowest level since hitting 256,000 in the week ended March 14, 2020.

The euro zone will rebound from its COVID-19 slump more than expected, the European Commission said, but some countries won't reach pre-crisis levels before the end of 2022 -- an argument for continued suspension of EU borrowing limits. The aggregate growth of the 19 countries sharing the euro currency should be 4.3% this year and 4.4% in 2022, the European # Union's executive arm said, revising upwards its forecast from February of 3.8% growth in both years. "The EU and euro area economies are expected to rebound strongly as vaccination rates increase and restrictions are eased. This growth will be driven by private consumption, investment, and a rising demand for EU exports from a strengthening global economy," it said. The forecast brings the Commission closer to the International Monetary Fund, which last month said it expected 4.4% growth in the euro zone this year. "Growth rates will continue to vary across the EU, but all Member States should see their economies return to pre-crisis levels by the end of 2022," the Commission said.

The UK economy contracted in the first quarter as school closures and a large fall in retail sales earlier in the quarter dragged down growth, the Office for National Statistics reported. Gross domestic product shrank 1.5 percent sequentially, reversing a 1.3 percent rise in the fourth quarter. The economy contracted again in the first quarter after rising for two straight # quarters. On a yearly basis, GDP dropped 6.1 percent, as expected in the first quarter. The level of GDP was 8.7 percent below where it was before the pandemic at the fourth quarter of 2019, ONS said. That would take the economy back to its February level before the end of the year, the economist added. Services and production output contracted 2 percent and 0.4 percent, respectively in the first quarter, while construction expanded 2.6 percent.

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